

CHAPTER 2

2. ALTERNATIVES INCLUDING THE PROPOSED ACTION

This chapter describes the alternatives and summarizes the environmental consequences associated with each of the alternatives developed for the proposed action.

2.1. The Proposed Action

There are three parts to the proposed action that require TVA action or approval. These include: (1) the Applicant's request to change the planned use allocation of 118 acres of federal property above the 820-foot elevation on the Tellico Reservation to residential development and make it available for sale and consequently use in constructing a residential resort and golf course community, (2) the Applicant's request for approval of the use of about 5 acres of TVA property, below the 820-foot elevation, and lying between the former TRDA property and Tellico Reservoir, for a small (par-3) golf course, and (3) the Applicant's request that TVA approve plans for a marina with 329 wet and 200 dry storage boat slips (see Figure 2-1) using 4 acres of TVA land below the 820-foot elevation. Approval of private water use facilities and other residential shoreline development has not been requested and would not be permitted on any transferred TVA lands.

USACE's proposed action is issuance or denial of the Section 404 and Section 10 permits for the proposed marina and any wetlands impacts. TRDA's proposed action is to transfer lands identified for mitigation purposes to the Applicant for further transfer to TVA.

2.2. Alternatives

As a result of scoping, TVA has identified the following five potential alternatives for analysis in this EIS; Alternative A – No Action, Alternative B – Applicant's Proposal, Alternative C – Partial Land Sale with Mitigation, alternative D – Small Golf Course and Marina with No Land Sale, and Alternative E – Applicant's Proposal with Mitigation. Under the No Action Alternative (Alternative A) and the Small Golf Course and full service Marina with No Land Sale Alternative (Alternative D), TVA would not convey any property or property rights to Rarity Communities Properties and would continue to manage the requested parcels under the existing 2000 land use plan without modification. Under the Applicant's Proposal Alternative (Alternative B) and the Applicants Proposal with Mitigation Alternative (Alternative E), TVA would modify the land use allocation of Parcel 8 (47 acres) from Commercial Recreation to Residential and part of Parcel 9 (71 acres) from Natural Resource Conservation to Residential, and make this land available for development. Under the Partial Land Sale with Mitigation Alternative (Alternative C) TVA would modify the land use allocation of part of Parcels 8 and 9 totaling about 49 acres and make the land available for development of the championship golf course as well as allowing a par-3 golf course to be located on its property and approve the proposed marina.

Under any alternative, construction and operation of a commercial recreation and residential project is likely on the 539 acres of private land already owned by Rarity Communities. TVA has no control over this property and Rarity Communities has informed TVA that it will develop the property regardless of the decisions TVA may make respecting its requests. As of September 2002, development of the former TRDA property had started

MASTER PLAN
RARITY POINTE
ON TELlico LAKE



and currently has progressed to the construction of an internal road system to provide access to the planned house sites, the lodges, and the marina. The impacts of these activities include the removal or modification of vegetation, road grading and fill, and the installation of underground utilities (see Figure 2-1). This EIS evaluates the impacts associated with the development of these private lands.

2.2.1. Alternative A – The No Action

Under the No Action Alternative, TVA would not modify the 2000 Land Plan to allow the sale of the 118 acres, not approve new plans for the marina, or allow the par-3 golf course on TVA public land (See Figure 2-2). Management of Tellico Reservoir would remain as established by contract with TRDA and lands would be allocated as determined in the 2000 Land Plan. The 118 acres of TVA land (Parcels 8 and 9) would continue to be available for the uses described in the plan including designation as a greenway and a trail although there would be no public access across the former TRDA property or other privately owned property. Because Rarity Communities has informed TVA that it intends to develop the 539 acres of property already under its control even if TVA denies its request, TVA has examined the impacts of such development as part of this alternative.

2.2.2. Alternative B – Applicant's Proposal

Under Alternative B, the Applicant's Proposal, TVA would change the use allocation of the land as proposed and make the land available for sale and development. The marina plans with 329 wet and 200 dry storage boat slips would be approved as proposed and TVA would allow the construction of the par-3 golf course on TVA land below the 820-foot Mean Sea Level (MSL) contour. The establishment of the Greenway and trail would not occur on the transferred land.

The proposed plan of development for Rarity Pointe includes property from several sources (see Figure 2-3). Approximately 323 acres of back lying property has been purchased from private owners. Plans for this parcel include construction of residential units, with open space and park areas around an 18-hole golf course.

The other non-TVA property is the 216-acre tract of former TRDA property on the Lower Jackson Bend peninsula. This property has restrictions, as set forth under the Commercial Recreation Standards adopted by TRDA and recorded in TVA's agreement with TRDA, TVA 60000A. Under applicable restrictions, the recreational lodging units planned on this parcel by Rarity Communities could not be permanently occupied. Rarity Communities would make a rental program available to all of the recreational lodging units. In addition, all commercial recreation amenities placed on the former TRDA land, including the lodge, spa, golf course, restaurant, and marina will be made commercially available to the public.

The applicant's proposal for Rarity Pointe assumes the acquisition of approximately 118 acres of TVA public land and the use of an additional 9 acres of public land comprising of three TVA parcels. The three parcels of land and their proposed uses are as follows:

- Parcel 8 (approximately 47 acres) is currently allocated for recreational use. Rarity Communities proposes to purchase the TVA property and use it for residential and golf course development.

Figure 2-2 Alternative A - No Action

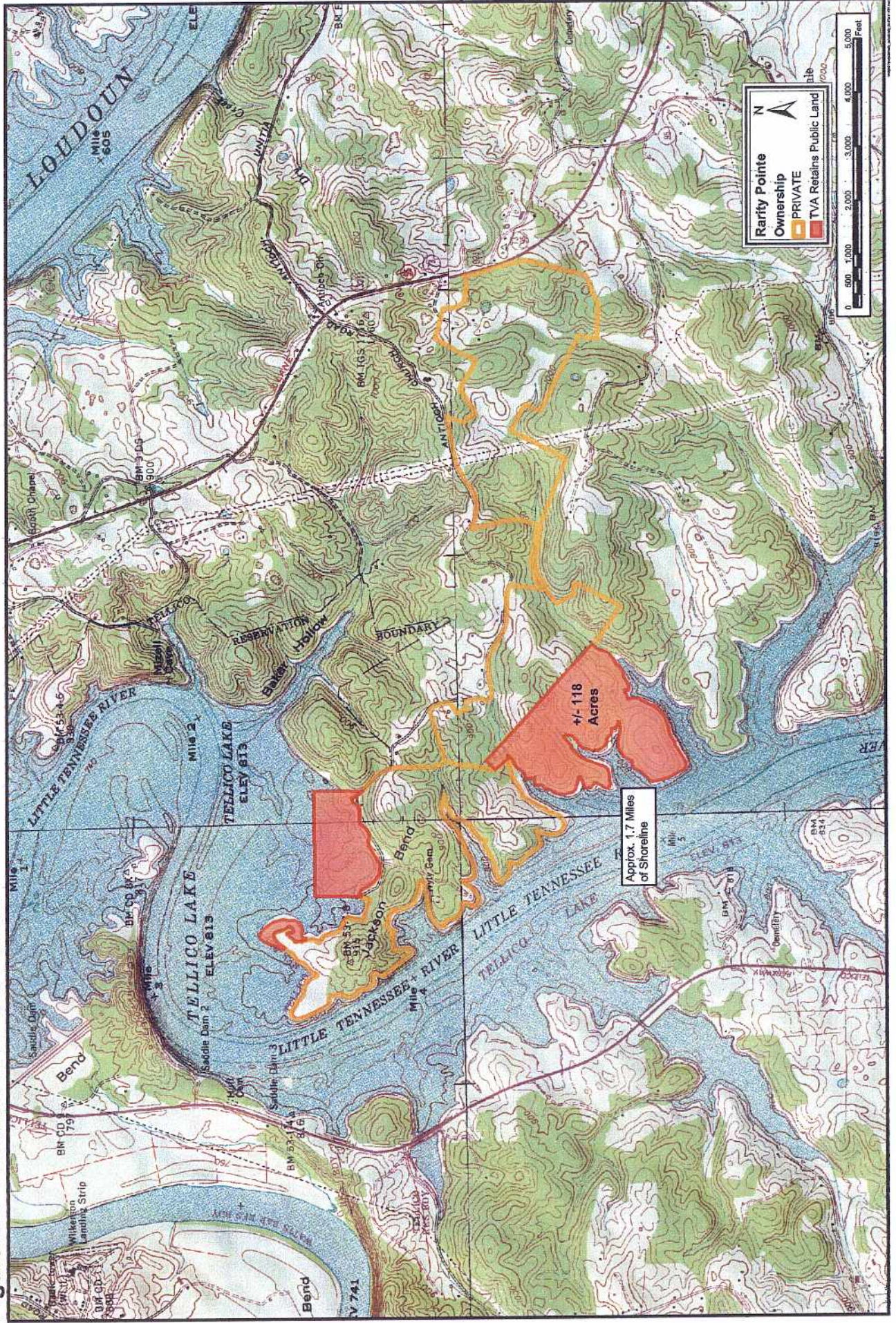
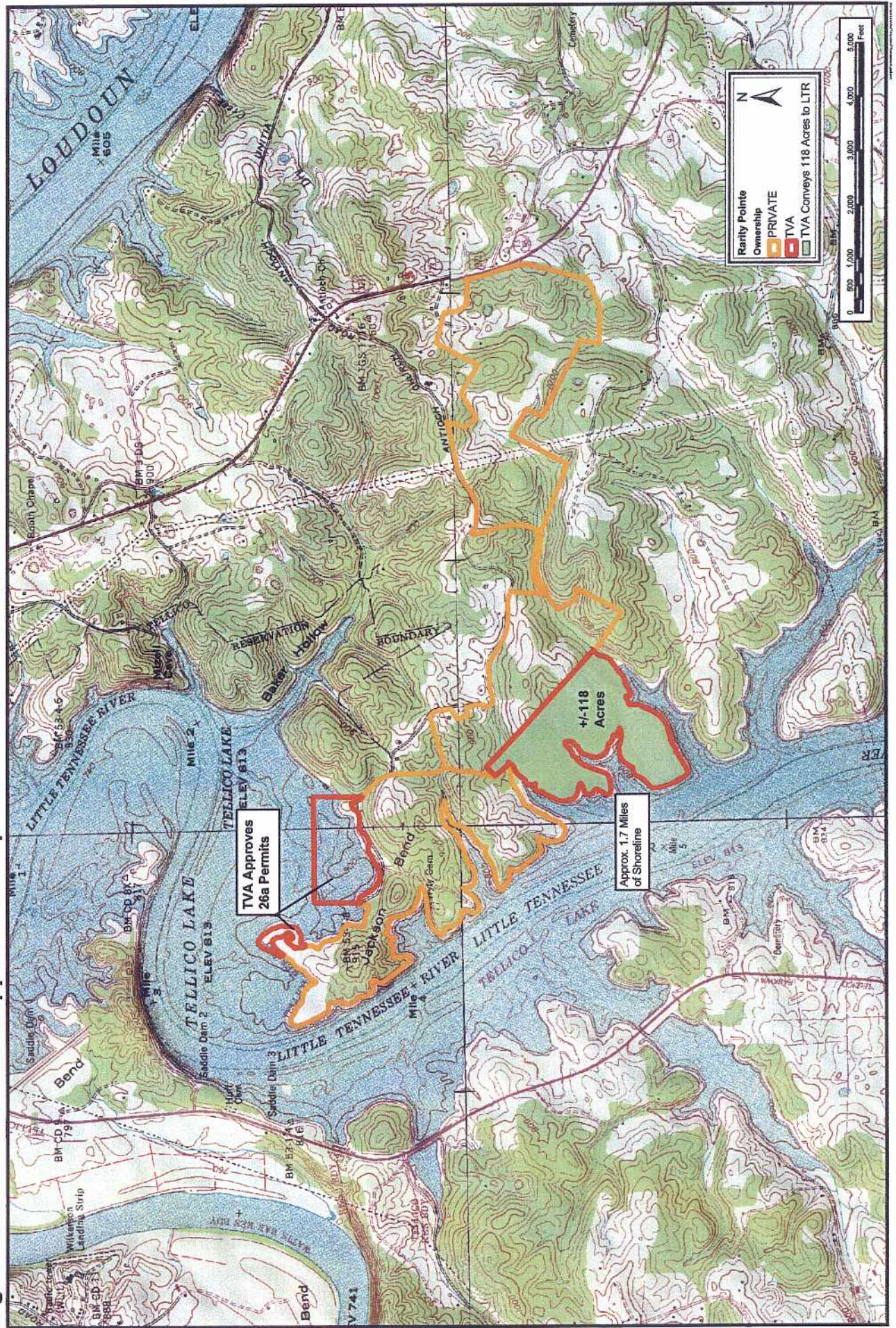


Figure 2-3 Alternative B - Applicant's Proposal



- Parcel 9 (approximately 71 acres) is currently allocated for natural resource conservation use. Rarity Communities proposes to purchase the TVA property and use it for residential, golf course, and clubhouse development.
- Approximately 9 acres is located on Jackson Bend between the summer pool reservoir level and private property owned by Rarity Communities. The proposal is to secure a use permit from TVA for developing a par-3 golf course and for ingress and egress associated with the proposed marina operation.

Rarity Communities plans approximately 1,200 units over the approximate 657-acre site. The planned unit development density will be less than two units per acre, providing for additional open space, park areas, and low to mid-rise condominium design and construction. In the overall site planning and golf course routing design, the addition of TVA property would enhance the value of the recreational amenities by keeping golf course routing away from the shoreline and giving way to less crowding of amenity structures, thus increasing the overall value of each unit/lot parcel.

The approximate 657-acre Rarity Pointe master plan concept (see Figure 2-1 and Appendix A) would provide a recreational resort community offering both residential and rental use opportunities. Recreational and leisure amenities would include a full service marina including facilities for wet and dry storage of boats, fuel storage and dispensing, sewage pump out, and small store with boat repair and rental service, and restaurant with public use rights; an 18-hole, tournament-play golf course and extensive practice facility; a golf clubhouse with onsite stay and play guest accommodations; a full service spa and lodge site with in-lodge guest accommodations; meeting and banquet facilities; both casual and fine dining; an infinity pool, gardens and outdoor chapel; outdoor lighted tennis courts; walking trails and park areas; and planned/controlled access to Tellico Reservoir. Private individual boat docks would not be permitted at the shoreline. The entrance would be gated and employ 24-hour gatehouse attendants.

The site presents topography, affording aesthetic view corridors for much of the planned development. Natural resources include a wide-variety of mature hardwood trees that have been incorporated into the community design guidelines for preservation (Appendix A). These existing trees are part of an overall landscaping program to provide tree clustering throughout the site development. Extensive water views and lakefront buffer areas have been planned to provide walking access at the shoreline.

An English Country Manor and English Countryside architectural design theme has been incorporated into the design of the Lodge and Golf Club facilities to set the tone for all future development. The character of the English Manor House architectural design was chosen to enhance the natural environment of the site with the use of wood and stone, both on interiors and exteriors of all vertical structures. The construction of recreational and leisure amenities, as well as housing and resort accommodations would be managed under this theme.

Rarity Pointe would offer a mix of residential and rental opportunities to include: low-rise and mid-rise condominiums; cottage-style cabins; twin homes (duplexes); attached and detached villas; single-family estate homes; custom home sites; and overnight suite accommodations. A retail and commercial site is planned adjacent to U. S. Highway 321 at the entrance to Rarity Pointe to accommodate owners and guests, as well as local area

residents and tourists. An information center, visitor and guest check-in, and general store would be located in this center outside the entrance.

Rental management and property services would operate permanently onsite at the lodge facility to provide a full service rental and guest management program to all residents, tenants, guests, and visitors. Use rights for all recreational and leisure amenities are incorporated in the "Rental Management Agreement" (See Appendix A). The resort rental offering and recreational use rights would be marketed on a local, regional, and national basis. Maintenance and housekeeping for the rental program would be located in the lodge facility.

Recreational use rights are incorporated into the "Rarity Pointe Membership Plan" (See Appendix A). The membership plan presents varied levels of membership based on community involvement. Property owner members, resort club members, and public access members and related use rights are defined in the Rarity Pointe Rules and Regulations for the Rarity Pointe Club. A "community access" membership classification for local area residents would be available at a reasonable annual fee, offering golf, marina services, spa and fitness programs with access to all dining facilities, and attendance at community events (See Figure 2-3).

Most of the utility infrastructure serving the proposed Rarity Pointe development will be installed by local public utility service providers. Because the applicant is proceeding with the development of the property it already controls, this infrastructure will be built regardless of the TVA decision. A three phase electric power service will be provided by Fort Loudon Electric (Madisonville, TN) overhead via Antioch Church Road and then underground through out the Rarity Pointe "phase-one" development. Eventually the utility will develop a sub station at a location to be determined near the 69 KV line right-of-way adjacent to TVA's 161-kV which runs north to south across Rarity Pointe.

Rarity Pointe will utilize a new 13.5-mile sewer line that TRDA is constructing from the Tellico Area Services System (TASS) wastewater treatment plant located near Vonore, Tennessee. The route for the sewer will follow an existing utility right-of-way (ROW) east along U. S. Highway 411 north to Reservation Boundary Road, east to National Campground Road, north to State Highway 95, and along U. S. Highway 321 which fronts the Rarity Pointe Development. The eight-inch sewer line will consist of both pressure and gravity systems. The sewer line should be completed before the "phase-one" Rarity development experiences build-out. A temporary measure to handle sewer for up to 20 homes will consist of a holding tank and "pump and haul" solution. This application would have to be approved by the Tennessee Department of Environment and Conservation (TDEC). The preliminary agreement is to permit the "pump and haul" disposal process to extend for a period up to one year.

The TASS wastewater treatment plant has a current capacity of 300,000 gallons per day and is estimated to be between 65 to 70 percent capacity. The treatment plant has the capacity to handle the additional load generated from the "phase-one" Rarity development. TASS has near term plans and the property to expand its capacity to one million gallons per day. The additional capacity will also provide service for the Community of Greenback, Foothills Point Subdivision, and additional industrial demand from Niles Ferry Industrial Park. It will also provide service for any future TRDA development at Wears Bend Peninsula and the Rollins Cemetery property.

Water service is currently available to Rarity Pointe via a TASS water line located along Antioch Church Road. The 6-inch line is fed from a 200,000-gallon water tank located near U. S. Highway 321 and Antioch Church Road. This tank is also supported by water from a one million gallon water tank located near Hackney Chapel Road.

A natural gas line is currently located along U. S. Highway 321 and is serviced by Loudon Utility. This line has the capacity to provide natural gas to Rarity Pointe and is available to serve the entire community.

The widening of the U. S. Highway 321, currently underway, is projected by the State of Tennessee to be completed by 2005. Rarity Pointe “phase-one” construction will likely use the Antioch Church Road to access the commercial facilities and new rental housing until a temporary road can be connected with U. S. Highway 321. Initially, much of the labor and construction materials will gain access to the project via Antioch Church Road which would continue to be the primary access to this site until the construction on US. Highway 321 is completed.

2.2.3. *Alternative C – Partial Land Sale with Mitigation*

TVA would approve the marina plans with up to 329 wet and 200 dry boat slips, allow the construction of the par-3 golf course, and modify the current land use plan to allocate part of the requested land (Parcel 8 and the uplands portion of the requested Parcel 9, about 49 acres total) and make it available for development as described under Alternative B, but with enhanced mitigation measures. This would allow Rarity Communities to construct and operate the proposed 18-hole golf course as described under Alternative B but would not allow the residential development as proposed on Parcels 8 and 9.

The mitigation would address the loss of public lands and impacts to terrestrial habitat, aesthetics, public recreation including a greenway and trail (described in the 2000 Land Plan), and other potential environmental impacts. Rarity Communities would provide vehicle and trail access to the remaining TVA public land so that a trail terminal could be established and the greenway designation remain on the balance of the requested portion of Parcel 9. In addition, Alternative C includes provisions for the loss of public land through a land exchange in which Rarity Communities would provide at least 60 acres of property. See Figure 2-4.

2.2.4. *Alternative D – Small Golf Course and Marina with No Land Sale*

Under Alternative D, TVA would not change the use allocation or sell the land as requested. The land would continue to be managed under the 2000 Land Plan, including, the designation of a greenway and possible design and establishment of a trail system. However, TVA would approve the full service marina plans with up to 329 wet and 200 dry boat slips, and TVA would allow the construction of the par-3 golf course on TVA land below the 820-foot contour as described in Alternative B. See Figure 2-5.

2.2.5. *Alternative E – Applicant’s Proposal with Mitigation*

TVA would approve the new marina plans with up to 329 wet and 200 dry boat slips, allow the construction of the par-3 golf course, and modify the land use allocation of current land use plan of the requested land and make it available for development as described under Alternative B, but with enhanced mitigation measures.

Figure 2-4 Alternative C - Partial Land Sale with Mitigation

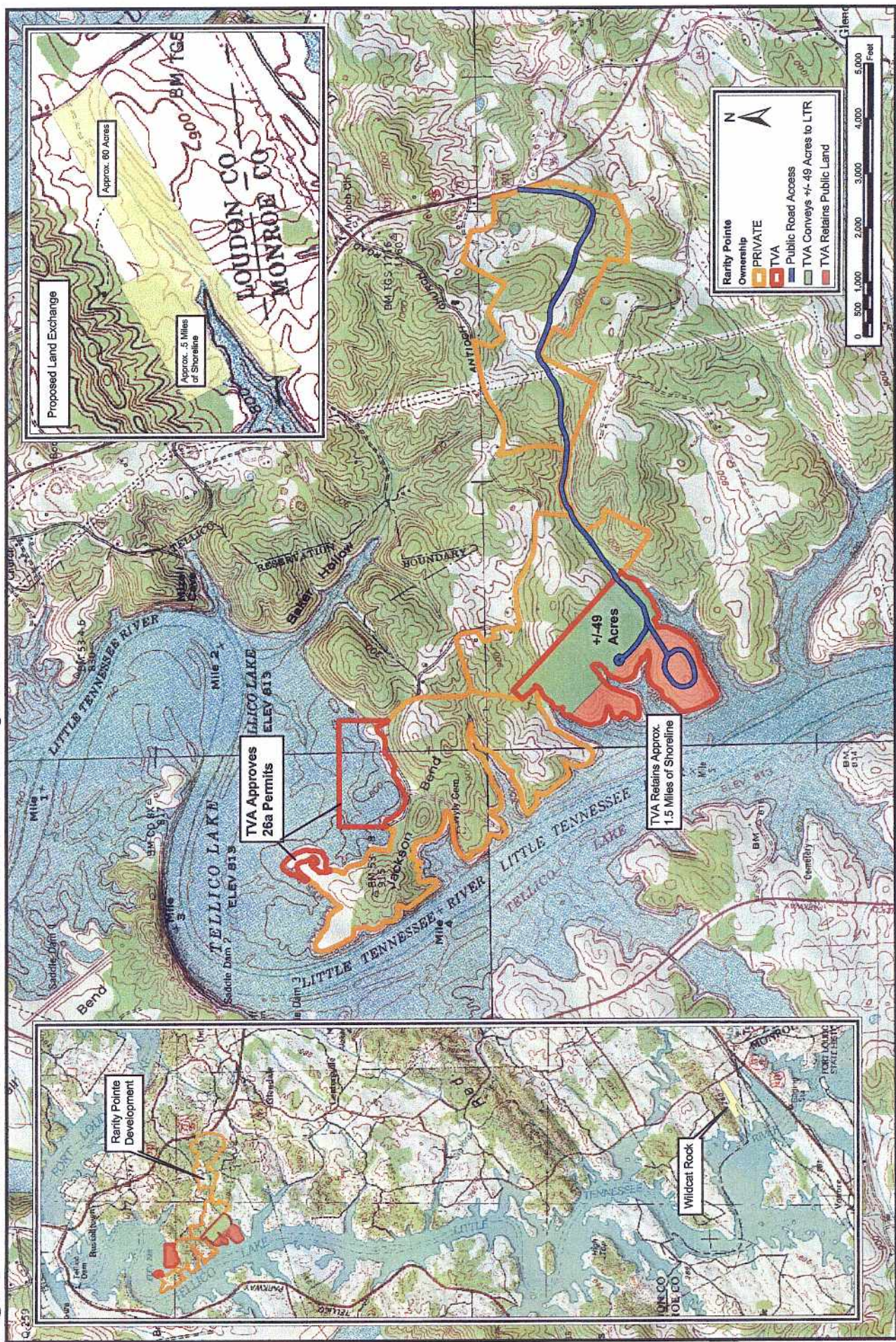
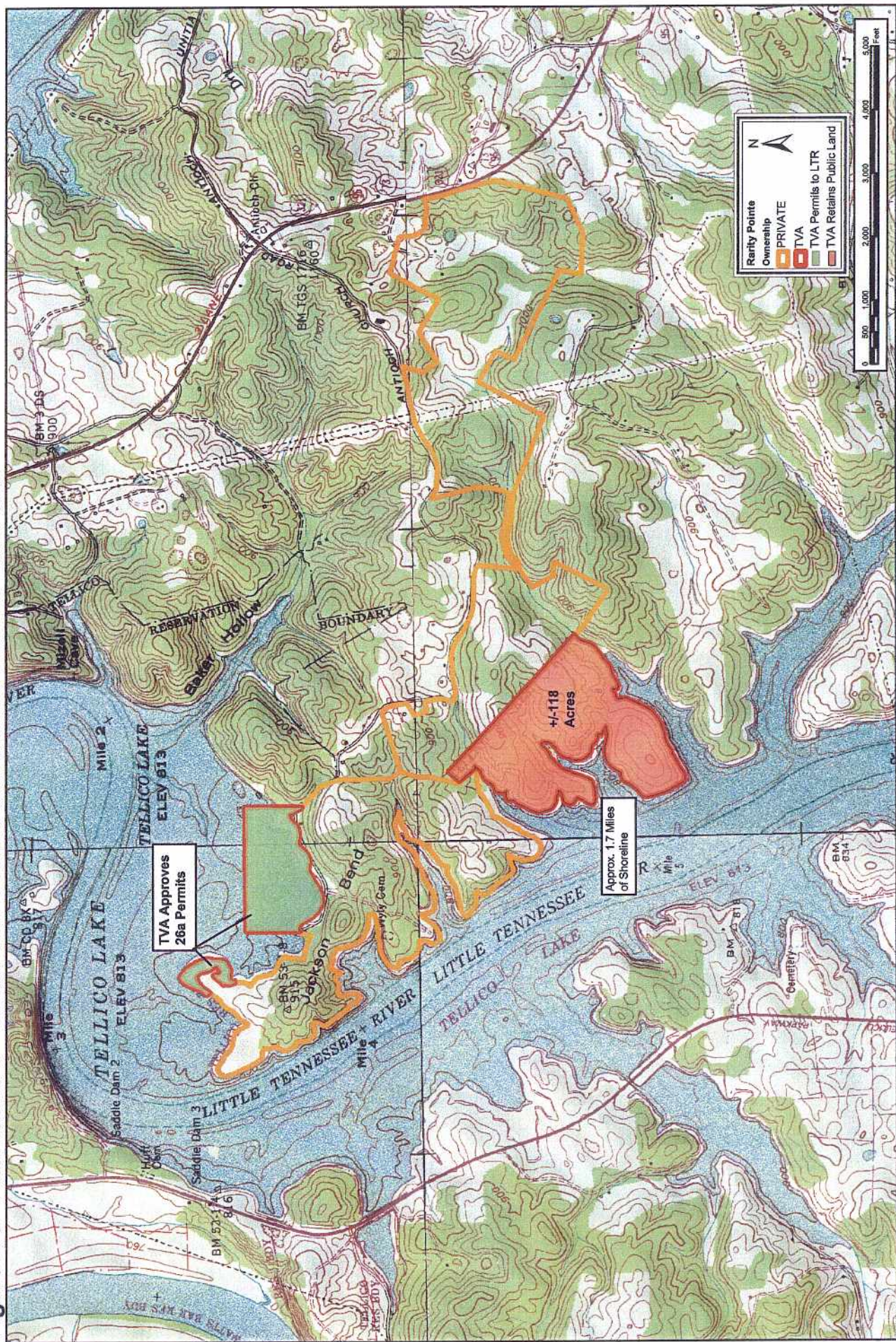


Figure 2-5 Alternative D - Small Golf Course and Marina with No Land Sale



The mitigation would address the loss of public lands and impacts to terrestrial habitat, aesthetics, and public recreation including a greenway and trails, and other potential environmental impacts. Rarity Communities would assist in establishing a trail terminal on Parcel 6, consisting of the construction of an access road, restroom, picnic area, and parking area of TVA design, and provide trail access for pedestrians across Rarity Pointe property (or elsewhere) to Parcel 9. Rarity Communities would also provide 256 acres of property at the Wildcat Rock site for the loss of public land and to mitigate other environmental impacts. See Figure 2-6.

2.3. Alternatives and Mitigation Eliminated From Detailed Consideration

An alternative eliminated from further consideration involved (after the sale of the requested land) making the remainder of TVA property on the eastern shore of Tellico Reservoir subject to a legal instrument that would permanently dedicate the land to natural resource conservation (for example, a conservation easement) or transfer control of the remaining property to another federal or state land conservation agency and restrict its use to natural resource conservation. This is actually more properly viewed as a separate proposal or, possibly, as mitigation for the proposed action rather than an alternative. In any case, restricting all of the property remaining under TVA's control on the eastern side of the reservoir would not be consistent with the 2000 Land Plan or the purposes of the Tellico project. While this could help mitigate some of the potential consequences of the requests at hand, other Alternatives provide an approach to mitigation that is more consistent with the scope of the potential impacts of Rarity Communities' proposal. For these reasons, TVA has decided not to further analyze this as an alternative in the EIS.

TVA also considered as a mitigation element the construction and operation of a trailhead terminal on Parcel 8 as described in the land use plan. However, investigation into constructing a trail around the former TRDA property on TVA land below the 820-foot contour showed it to be impractical to construct. The existing terrain was very steep in places and the available TVA property too narrow in other places to accommodate a trail as part of a greenway. Further, unrestricted public vehicle and pedestrian access across the property which is now owned by Rarity Communities would conflict with their plans for a gated community and is unlikely to be obtainable. This mitigation element has, therefore, been eliminated from further consideration in this EIS.

In addition, TVA initially considered another mitigation site, the Morganton Cemetery site (See Figure 2-7). However, after detailed evaluation and field inspections it was determined that this site was not environmentally superior to the Wildcat Rock site assessed in this document for mitigation except with respect to aesthetic and visual impacts to residential viewsheds. For these aesthetic and visual impacts, TVA has determined that the Morganton Cemetery site would be preferable. However, the Morganton Cemetery site is under TRDA's control and TRDA indicated that they would not make this property available.

Figure 2-6 Alternative E - Land Sale with Mitigation

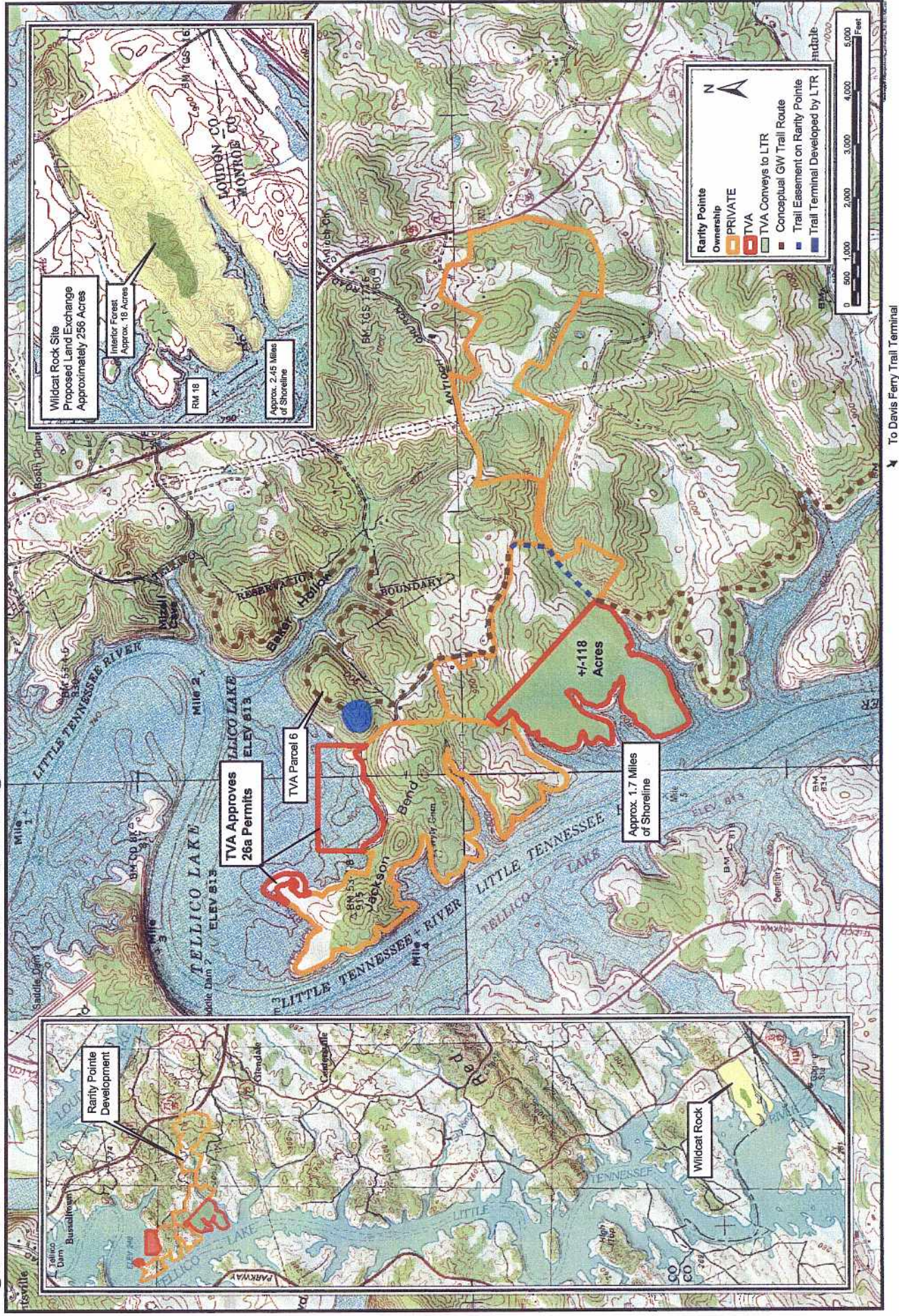
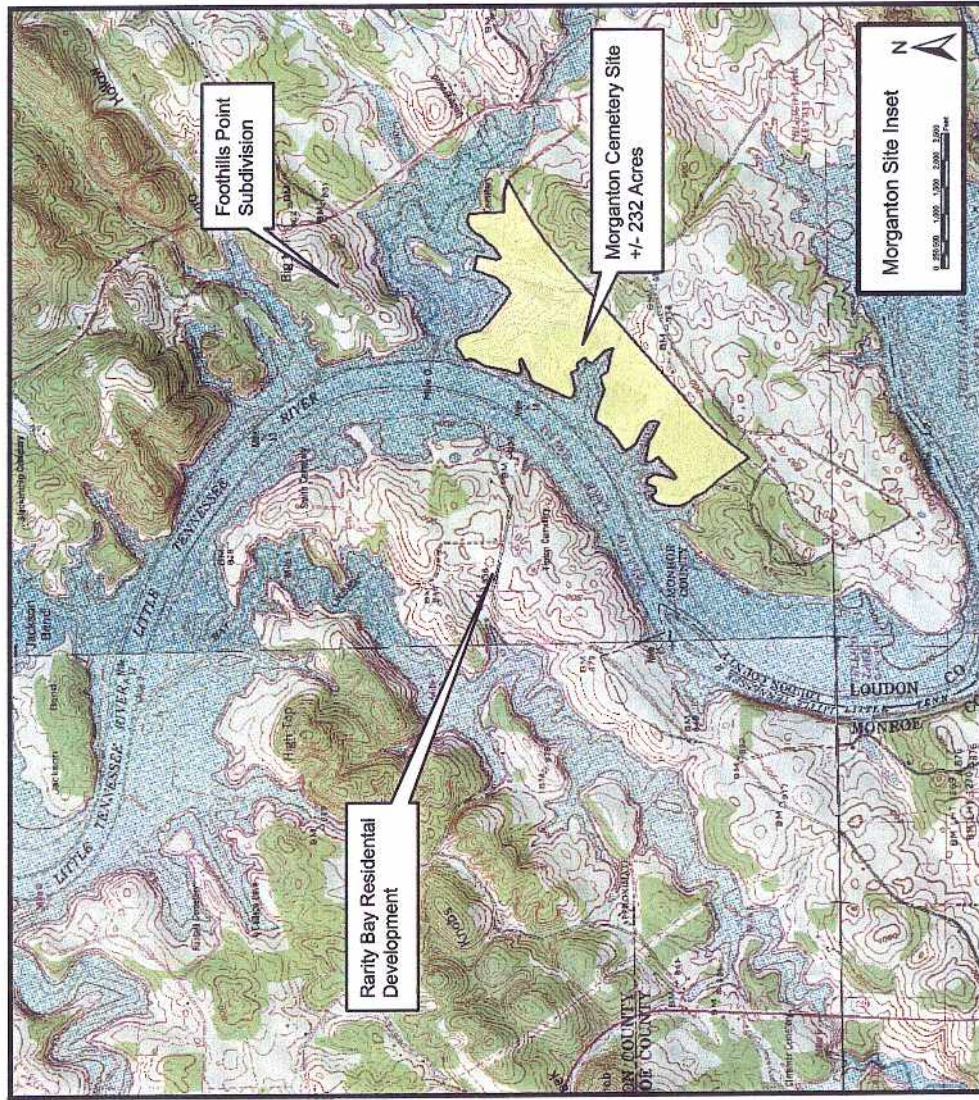
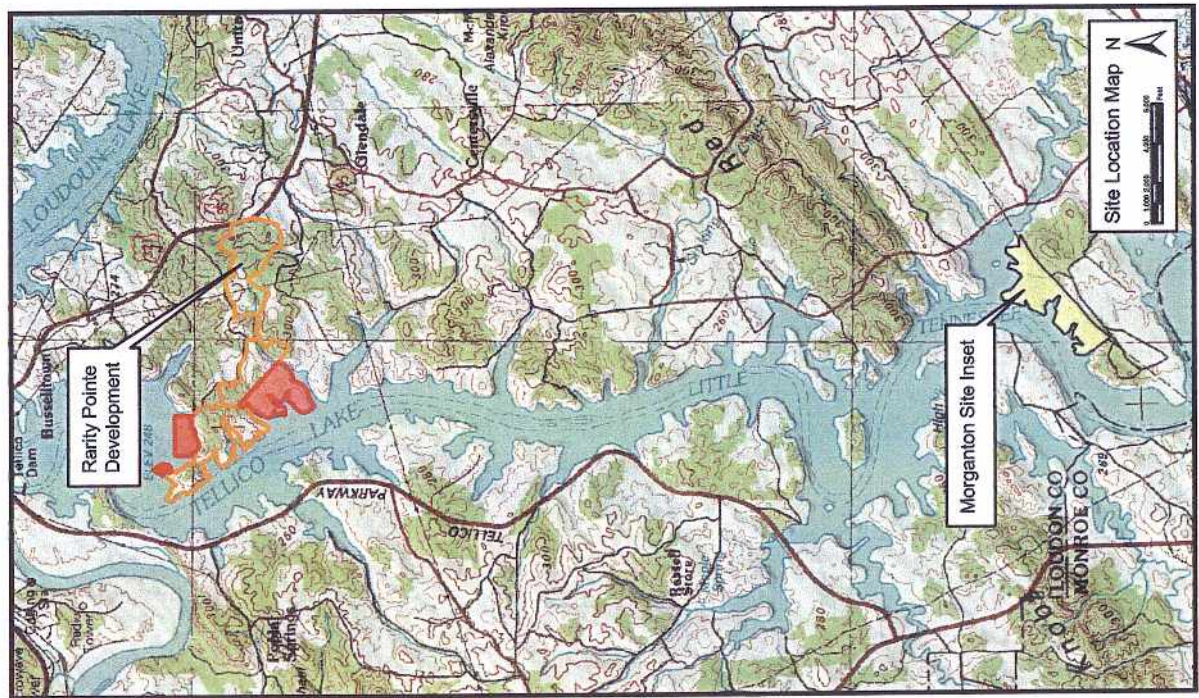


Figure 2-7 Morganton Cemetery Mitigation Site



2.4. Comparison of Alternatives

Under any alternative construction and operation of a commercial recreation and residential project is likely on the 539 acres of private land already owned by Rarity Communities. Development of the former TRDA property started in late summer, 2002 and currently has progressed to the construction of an internal road system to provide access to the planned house sites, the lodges, and the marina (see concept map, Figure 2-1). These actions are expected to continue regardless of TVA's decision.

Under any alternative, there would be no effects to cultural resources, and only temporary and minor effects on air quality. See Table 2-1 for resource comparison by alternatives.

Under the No Action Alternative, the same number of proposed residences and other impacts would be concentrated on Rarity Communities existing property. The TVA land would continue to be available for the uses described in the 2000 Land Plan including the greenway and trail. Although there would be no loss of public land, there would continue to be a significant loss of visual resources and degradation of terrestrial ecology, wetlands, water quality, and aquatic ecology by the likely continued development of private project land. There would be a potential loss of habitat for two sensitive species. The small par-3 golf course and marina would not be permitted, however other recreation opportunities would continue, including a full sized regulation golf course. The overall socioeconomic benefits associated with the continued development of the site on the existing privately owned land would occur with slightly fewer jobs and tax revenue.

Under Alternative B, the recreational resort community would be constructed offering both residential and rental opportunities; a full service marina including dry storage and restaurant for public use; an 18-hole, championship-play and par-3 golf courses; and lodge guest accommodations. The socioeconomic benefits resulting from the Rarity Pointe Development would be slightly enhanced with the sale of TVA property. However, there would be a notable loss of visual quality and adverse impacts of terrestrial ecology, wetlands, water quality, and aquatic ecology to both the involved public and private project land. There would be an adverse loss of recreation opportunities and the establishment of a greenway and trail would not occur on the sold public land. There would be a potential loss of habitat for two sensitive species. There would be cumulative terrestrial habitat loss due to the loss of public land on Tellico reservoir. The adverse impacts to jurisdictional wetlands; and some water quality, aquatic and terrestrial ecology impacts would be mitigated. Overall Alternative B achieves the applicant's purpose and need with the least cost to the applicant, but has the greatest environmental impact on natural resources.

Under Alternative C, the same recreational resort community as proposed could be accomplished but the residences proposed on TVA land would be placed on existing private land similar to Alternative A. The socioeconomic impacts would be the same as Alternative B. However, there would be a loss of visual resources and adverse impacts of terrestrial ecology, wetlands, water quality, and aquatic ecology to both the involved public and private project land. The proposed land exchange at Wildcat Rock (60 acres) would result in a minor loss of industrial land, an increase in the amount of public land on Tellico Reservoir, but not completely mitigate for the loss of terrestrial habitat or lost recreation opportunities. Although there would be a loss of some recreation opportunities, this loss would be somewhat offset by gaining vehicle access to the remaining TVA land on Parcel 8 and 9 where establishment of a greenway and trail could occur. There would be less potential for loss of habitat for two sensitive species. There would be cumulative terrestrial habitat loss do to the loss of public land on Tellico reservoir although not as severe as Alternative B. The adverse impacts to jurisdictional wetlands; and some of the water

Table 2-1. Comparison of Alternatives

	Alternative A - No Action	Alternative B - Applicant Proposal	Alternative C - Partial Land Sale with Mitigation	Alternative D - Small Golf Course and Marina with No Land Sale	Alternative E - Applicant's Proposal with Mitigation
Proposed Actions	None	Land sale (118 acres), Par-3 Golf Course and Marina	Land sale (49 acres), Par-3 Golf Course, and Marina	Par-3 Golf Course and Marina	Land sale (118 acres), Par-3 Golf Course and Marina
Proposed Mitigation (Commitment Number from Section 4.15)	None	(2) Golf Course Plan (6 to 8) Wetlands (9 & 10) BMPs (14) No Lake Access	(1) Vegetation Buffer (2) Golf Course Plan (3,11, & 14) 60 Acre Land Exchange and Vehicle Access (4) Mature Trees (5) Lighting (6 to 8) Wetlands (9 & 10) BMPs (14) No Lake Access	(2) Golf Course Plan (4) Mature Trees (5) Lighting (6-8) Wetlands (9, 10) BMPs	(1) Vegetation Buffer (2) Golf Course Plan (3,12, & 14) 256 Acre Land Exchange, Pedestrian Access, and Trail Terminal (4) Mature Trees (5) Lighting (6 to 8) Wetlands (9 & 10) BMPs (14) No Lake Access
Resource Issues;					
Terrestrial Ecology	Adverse Impacts from ongoing development on private property.	Adverse impacts on public and private lands with cumulative Terrestrial habitat loss	Adverse impacts on private land. Lesser adverse impacts on public lands	Adverse impacts on private land. Minor impacts on public lands	Reduced adverse impacts on private land. Loss of terrestrial habitat offset
Aquatic Ecology	Adverse impacts to reservoir aquatic ecology	Adverse impacts to reservoir aquatic ecology	Minor impacts with BMPS	Minor impacts with BMPS	Minor impacts with BMPS
Threatened and Endangered Species	Potential loss of Indiana Bat and Bald Eagle habitat	Potential loss of Indiana Bat and Bald Eagle habitat	None	None	None
Water Quality	Adverse Impacts from Private Land and golf course	Impacts from Public and Private Lands, and marina and golf courses	Impacts from Public and Private Lands, and marina and golf courses.	Impacts from Private Lands, and marina and golf courses.	Least impacts from Public and Private Lands, and marina and golf courses.
Wetlands	Insignificant impacts to pond-fringe wetland on private land	Insignificant. Mitigate shoreline wetlands	Insignificant. Mitigate shoreline wetlands	Insignificant. Mitigate shoreline wetlands	Insignificant Mitigate shoreline wetlands
Recreation Resources	Benefits of large Golf Courses (Not Championship) and resort. No loss of Recreation on Public Land	Benefits of Golf Courses (Championship) and Marina. Loss of recreation on Public land including greenway and terminal.	Benefits of Golf Courses (Championship), Marina, and access to remaining public land. Increased acreage of public land	Benefits of Golf Courses (Not Championship) and Marina. No loss of Recreation on Public Land	Benefits of Golf Courses (Championship) and Marina. Offsets loss of recreation on TVA land. Trail Terminal and pedestrian access.
Cultural Resources	None, Avoidance of Cemetery	None, Avoidance of Cemetery	None, Avoidance of Cemetery	None, Avoidance of Cemetery	None, Avoidance of Cemetery
Visual and Aesthetics	Significant loss of resources by development of private land	Notable increase in significant loss of resources by development of both public and private land	Significant loss of resources on private land; loss of public shoreline land less than Alt. B; significant adverse impact to residential viewshed remains (partial mitigation)	Significant loss of resources on private land; moderate impacts to portions of public land	Significant loss of resources on private land; loss of public land mitigated by land exchange, but impacts to residential viewshed remains significant (no mitigation)
Socioeconomics	598 Temporary Jobs 62 Permanent Jobs \$1.7 million Property Tax Revenue	645 Temporary Jobs 66 Permanent Jobs \$2.2 million Property Tax Revenue	645 Temporary Jobs 66 Permanent Jobs \$2.2 million Property Tax Revenue Loss of 30 acres of Industrial Land	645 Temporary Jobs 66 Permanent Jobs \$2.2 million Property Tax Revenue	645 Temporary Jobs 66 Permanent Jobs \$2.2 million Property Tax Revenue Loss of 60 acres of Industrial Land
Air Quality	Insignificant	Insignificant	Insignificant	Insignificant	Insignificant

quality, aquatic and terrestrial ecology impacts would be mitigated. Alternative C achieves most of the applicant's purpose and need but with less environmental impact on natural resources than Alternative B.

Under Alternative D, the same recreational resort community as proposed could be accomplished but the residences and parts of the large golf course proposed on TVA land would be placed on existing private land similar to Alternative A. The socioeconomic impacts would be the same as Alternatives B and C. However, there would be a loss of visual quality and adverse impacts of terrestrial ecology, wetlands, water quality, and aquatic ecology to both the involved public and private project land. There would not be a loss of TVA land but also there would not be vehicular access to Parcels 8 and 9 across Rarity Pointe making the establishment of a trail terminal difficult. There would be less potential for loss of habitat for two sensitive species. There would be no terrestrial habitat loss on Tellico reservoir. The adverse impacts to jurisdictional wetlands; and some water quality, aquatic and terrestrial ecology impacts would be mitigated. Overall Alternative D partially achieves the applicant's purpose and need with less environmental impact on natural resources than Alternative B and C.

Under Alternative E, the recreational resort community could be accomplished as proposed. The socioeconomic impacts would occur similar to Alternative B. However, there would be a loss of visual quality. Although there would be some adverse impacts of terrestrial ecology, wetlands, water quality, and aquatic ecology to both the involved public and private project land this would be offset by the proposed land exchange at Wildcat Rock (256 acres). This would result in an increase in public lands on the Tellico Reservoir, a minor loss of industrial land, and except for some visual impacts principally to the residential viewshed, would offset the loss of the public land. There would be increased recreation opportunities with the exchanged land and the creation of a trail terminal on Parcel 6 and pedestrian access across Rarity Pointe property which could provide continuation of the greenway and trail along the eastern shore of Tellico Reservoir. There would be a potential loss of habitat for two sensitive species. The adverse impacts to jurisdictional wetlands; and some water quality, aquatic and terrestrial ecology impacts would be mitigated. Overall Alternative E achieves the Applicant's purpose and needs with the least environmental impact to natural resources while providing a net increase of land.

Summary – In order of impact to the environment, Alternative E would be the most protective of the action alternatives, followed by Alternatives D, C, and B. Alternative A would have the fewest impacts to TVA public land, but would also concentrate environmental impacts on private land with fewer acres. Alternatives C and E would result in a net gain of public land on Tellico Reservoir to natural resource conservation allocation.

2.5 The Preferred Alternative

TVA's preferred alternative is Alternative E. Alternative E achieves the Applicant's objectives and meets the regional and economic development goals of the Tellico Project in a manner that reduces associated environmental impacts to acceptable levels. TVA has worked closely with the Applicant and TRDA to identify and put in place a number of mitigation measures. Of primary importance is the Applicant's willingness to provide property to offset the loss of the TVA lands and their inherent public values. As a consequence, the public is actually gaining more land as a result of this alternative, than it would lose by the sale of the TVA property to Rarity Communities. Under this alternative, the Applicant would support development of the greenway trail.